

Commissioner's Directive #11

October 25, 1988

Subject: **Prepayment of Sales Tax on Gasoline**

Introduction: The Department has determined the prepayment rate to be used during the six (6) month period beginning January 1, 1989 to be 3.2 ¢, as determined by the most recent retail price of gasoline available to the Department.

Authority: Indiana Code 6-2.5-7-1 sets forth the formula to determine the price of gasoline per gallon.

“Prepayment Rate” means a rate per gallon of gasoline, rounded to the nearest one-tenth of one cent (\$0.001), determined by the Department by determining the product of:

1. The statewide average retail price per gallon of gasoline, excluding the Indiana and Federal gasoline taxes and the Indiana Gross Retail Tax rate, multiplied by
2. The State Gross retail Tax rate, multiplied by
3. Ninety percent (90%).

Before June 10 and December 10 of each year, the Department is required to determine the prepayment rate to be used during the following six (6) month period. See Indiana Code 6-2.5-7-14. Notice of this new rate is required to be sent to each refiner, terminal operator, qualified distributor known to the Department to be required to collect prepayments, and any other interested person. Id. In determining the prepayment rate, the Department must use the most recent retail price of gasoline. Id.

The Department has determined the average gasoline price to be \$0.71 per gallon. The prepayment rate calculated in accordance with Indiana Code 6-2.5-7-1 is \$0.032 per gallon.

M.F. Renner
Commissioner